



**USAID**  
DEL PUEBLO DE LOS ESTADOS  
UNIDOS DE AMÉRICA

**BCCN**  
Bolivia Competitiva en Comercio y Negocios

# **ANNUAL WORK PLAN**

**June 2005 – May 2006**

## **BOLIVIAN TRADE AND BUSINESS COMPETITIVENESS (BTBC)**

USAID/BOLIVIA

Economic Opportunities Strategic Objective Team (EO SOT)

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Contract No. 511-C-00-05-00057-00

This document was produced for review by the United States Agency for International Development (USAID). It was prepared by Chemonics International Inc.

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## **SECTION I**

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### **INTRODUCCION**

Chemonics International has been hired by USAID Bolivia to execute the second phase of the project Bolivian Trade and Business Competitiveness for a period of four years from June 2005 to May 2009. Activities of this new BTBC phase start from important progress made in the first project phase, especially in relation to the support and technical assistance provided to exporting companies from the manufacturing sector and institutional contributions made to public and private institutions related to international trade.

BTBC general objectives are:

- Increase competitiveness of companies in selected productive sectors.
- Reduce obstacles in the general business environment.
- Strengthen the capacity of Bolivia to be positioned favorably in trade agreements and benefit from opportunities these agreements have for economic growth.

In merit of these general objectives, the activities that are put under consideration of USAID/Bolivia presented in the Annual Work Plan, will continue to be focused in searching for opportunities to improve the business and competitiveness environment of companies and providing support through specific activities so that Bolivia makes the best use of advantages that come by being a member of diverse and significant integration and market opening agreements.

Further technical assistance programs of exporting manufacturing sectors and assisting Bolivia in strengthening its commercial capacities that allow the country to have unbeatable market access conditions for its export supply is undoubtedly one of the central purposes of this new BTBC project.

In contrast to the previous BTBC phase, where project interventions were directed to solving concrete aspects so companies could improve their productivity and competitiveness and in this way fulfill their overseas sale contracts, this new mission, will try to make contributions in the framework of productive chains and regional clusters, particularly in the textile, apparel and wood manufacturing sectors. In other words, we will try to work strategically, identifying solutions for the whole sector, but at the same time we will look for leading companies to bring out change in the framework of exporting chains, specially in the phases of design, production of manufactures, commercial information and marketing. We will think “globally” and we will work “locally”. In this perspective, BTBC will try to combine its efforts with other international cooperation projects, local institutions and businessmen so that synergies are built to strengthen all and every one of the interventions.

Starting from the experience of Chemonics International in other projects financed by USAID in countries like Peru, competitive business will be promoted in this phase through three offices located in the cities of La Paz, Santa Cruz and Cochabamba using technical assistance and commercial information to strengthen commercial initiatives in other arenas

that are not necessarily linked with textile and wood factories. The purpose of these business centers is to serve as articulators between local and international market demands and local suppliers, to establish modern and competitive business.

In the area of institutional strengthening, public and private, BTBC will work with different government organizations associated with the development of economic policies, international economic relations and international trade. BTBC will support public and private efforts by establishing a more favorable environment for growth and sustainability of business, especially of exporting activities. It will coordinate activities that allow the formalization of small and medium size companies; it will promote an extensive training program for public officials and private representatives to substantially improve the country's commercial negotiation capacity in all fields of the international arena. BTBC will develop other training programs of SME businessmen so that they may improve their managerial capacity and have more market information about quality demands and other international buyer requirements and become efficient and competitive exporters. Institutional activities will be complemented with productive support activities to jointly achieve productive strengthening of the sectors that benefit from the project.

Technical assistance in the area of private and public institutional strengthening will be implemented. We intend to help in the change of orientations that Mr. Andrew S. Natsios, Director of USAID, pointed out to his Mission Directors in May 2005 (sic) *"should consider new mechanisms to do our work, which build capacities and institutions within the national, regional and local governments. This is directly related to our new support strategy to fragile countries and the importance that a good government and the democracy for development have"*.

In this sense, BTBC will go to local training and educational institutions to support the development of SMEs. In addition, we will bid the strategic management training program nationally in the context of the Bolivian universities; we will consult the content of our interventions with our public and private counterparts; we will support the exporting chamber so that they may strengthen their interaction and dialogue capacity with public authorities; and we will work in building local capacities while looking for sustainability with our contributions.

The second phase of BTBC begins within a national context that faces a general election process. This second phase allows us to visualize the full and legitimate institutionalization of policy and Bolivian institutions in the short term, and as result, it will allow us to have more solid counterparts than in past experiences. This will certainly overflow in the business climate and in the capacity of businessmen to fulfill their overseas commercial commitments.

This is a great opportunity that BTBC should take advantage of, identifying effective interventions, taking high risks in the institutional arena, but being aware that the support from the people of the United States of America toward the people of Bolivia should be translated in a significant increase of exports, employment generation and the construction of solid and sustainable institutional and commercial efforts.

At the outset of BTBC, we are confronting an unexpected reduction of operative resources, hence due to upper management dispositions and in the framework of US cooperation towards Bolivia; it has been decided to reinforce the central government areas, transitorily affecting the financial availability for projects like BTBC. This situation has had two immediate effects: the first is linked to the change of goals to be achieved in BTBC, such as they are indicated in the contract subscribed with Chemonics, and the second one, the change of scope and content of the Annual Work Plan June 2005-May 2006.

Nevertheless, the BTBC team assumes the challenge of planning and implementing a group of activities in this first year of the project, which we estimate will not affect the quality, intensity or effectiveness of general objectives that USAID/Bolivia visualized for this second phase. We have a highly committed professional team, export advisors aware of the productive and technological limitations that these sectors face and who realize that BTBC is only part of a greater effort that should include businessmen, the national Government, public and private counterparts and other international cooperation organizations.

The BTBC team presents this Work Plan June 2005-May 2006 to USAID/Bolivia, in which we detail the activities we have projected to service all contract components, prioritizing the efforts to improve the exporting capabilities of the country's manufacturing sectors.

## **SECTION II**

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### **NATIONAL CONTEXT FOR THE EXECUTION OF THE SECOND BTBC PHASE**

In spite of the political crisis that the country has faced in the last two years, the Bolivian economy continues to grow in a moderate rate since 2000. During the 2004 administration, the country had the highest growth rate of last 4 years (3.6%) and in the first quarter of 2005 the growth rate was 3.91% exceeding of 3.52% goal established in the General Budget of the country. The growth rate increase in March 2005 was due to the parallel growth of the oil and gas sectors (24.14%) and to the contribution of other "manufacturing industries (4.39%) that combined make up more than 50% of the growth rate of the Bolivian economy between 2004 and 2005.

In the 2004 administration, Bolivian exports experienced an important growth as a result of a good international context and a favorable evolution of the real exchange rate. This allowed a considerable increase of the surplus of the current balance of payment account in comparison with the 2003 one, a historical record for Bolivia. However, these results are supported in the notable increase of hydrocarbon (\$325 million) exports and exports of food products (\$102 million).

Between January and May 2005, Bolivian exports continued their growing tendency with a rate of 17.14% in comparison to the same period back in 2004. Up until May 2005, the amount exported reached \$957.33 million, higher than what was recorded in 2004. The 17.14% growth rate was due to the growth of hydrocarbon (45%) exports- mainly destined to Brazil and Argentina markets-. On the other hand, factory exports only grew 4.27% due to the fact that clothing exports had a negative rate growth of -7.93% in comparison to last year. In contrast, wooden doors grew close to 20%, wooden furniture decreased in 3.8% and other wood manufactures grew in 53%.

These indicators show that the sectors where BTBC activities will be concentrated are going through transitional time, and as a result, it is necessary to focus on consolidating growth and incorporating a tendency for aggregate value.

In the industrial policy and export development areas, the National Council of Exports (CONEX) recently validated the National Strategy of Exports (ENEX) and, in July the National Strategy of Industrial Development was validated (ENDI) in the framework of the National Industrial Development Council. These two policy tools opened a new scenario for the development of activities that favor the productive sector and the competitive environment.

In the framework of the Bolivian Productivity and Competitiveness System, a remarkable strengthening of the Departmental Competitiveness Council (CDC) has been observed. Finally, the Competitiveness Forum carried out in June of this year set the guidelines for institutionality, financing, public investment, competitive supply, training and technology.

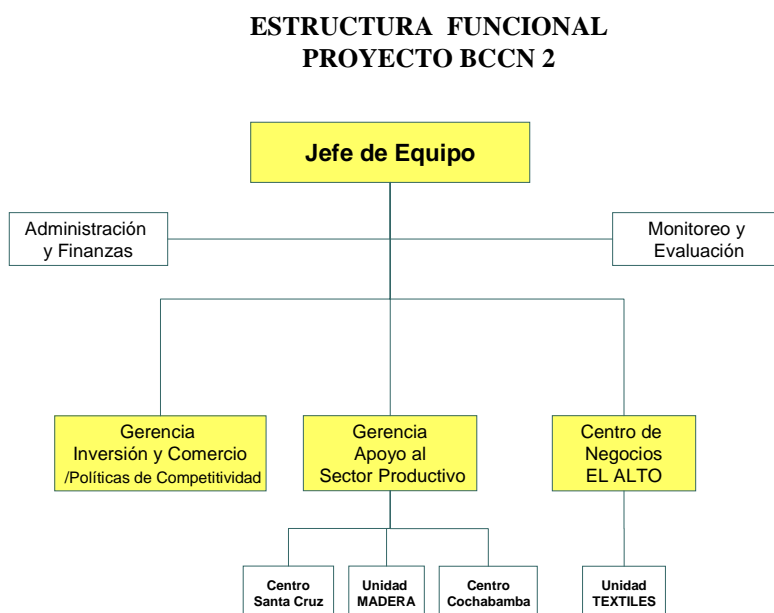
## SECTION III

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### ORGANIZATION OF THE WORK TEAM

The completion of activities proposed in this Annual Work Plan has meant reorganizing the functional BTBC structure in terms of the experience and management capabilities of staff members.

In this sense, we have developed the following organizational functional chart:



Based on this organizational chart, responsibilities and action areas of the main staff are as follows;

- Jules Lampell is the Project Director (COP), with attributions and management responsibilities, leadership and supervision of all project areas and staff. Within the Project Management staff, the areas of Administration and Finance and Monitoring and Evaluation are managed by John Carrasco and José Montaña, respectively.
- Walter Núñez is the Assistant Director of Investment and Trade (DCOP). His responsibilities include: the improvement of the competitive environment and its policies; training and education; public and private institutional strengthening; economic studies; coordination with the Government of Bolivia and business institutions; coordination with other donor agencies; and supervision of support programs to public economic area and international trade.



- Jorge Loayza is the Assistant Director of Productive Sector Support (DCOP). His responsibilities include: the supervision of the Wood Sector Support Unit and its specialists; design of activities that increase access to financing to project sectors and companies and direct supervisor of the Santa Cruz and Cochabamba Business Centers.
- Juan Carlos Iturri is the Coordinator of the Business Center of El Alto and responsible for the supervision and management of the Textile and Apparel Support Unit.

Technical assistance activities to companies by the Sectoral Support Units and by the Business Centers will be centered in a Consultant Pool made up by experts and specialists in diverse areas in the industrial, administration, finance and commercial fields.

The project will have a small team to assist professionals, sectoral specialists and provide basic administrative support and service personnel.

## SECTION IV

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### OBJECTIVES, GOALS AND ACTIVITIES

#### A. Support Management to the Productive Sector

##### A.1. Direct Assistance to Selected Exporting Sector Companies (CLIN 1)

##### A.1.1. Sectoral Unit Supporting the Textile and Apparel Sector

###### Context

We can divide the textile industry in different processes that include:

- Spinning Mill
- Sewing and Dyeing
- Design
- Cutting and Tailoring (Apparel)

The first two are concentrated in the textile industry and, the last two in the apparel industry

###### *The textile industry in Bolivia*

There are only two companies that are spinning mills (dedicated to cotton), one exporting thread and the other one as part of the only integrated chain of production (from thread to garments<sup>1</sup>).

The other existing spinning mills in cotton, as well as in camelids, survive with poor quality products made for the domestic market. As for the fabric production, the dispersion is too big. With a couple of exceptions, they work in small scale and with very old machinery. In flat fabric, there are no plants dedicated to cotton, and in camelids mainly handmade looms or small plants guided to tailoring high end apparel, which can neither satisfy the demand for existing fabrics in the country.

In summary, Bolivia, being a producer of natural fibers like cotton, alpaca and llama, does not satisfy the domestic demand.

Additionally, there are few factories that have modern and well equipped laboratories that guarantee quality control for export products.

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<sup>1</sup> AMETEX is a totally integrated company dedicated to the manufacture of cotton garments. It destines 95% of its production to the US market and is responsible for almost 90% of Bolivian exports in the textile sector. Since its spinning and sewing mills only produce to supply its plants with garments, it cannot constitute in the provider the rest of the industry needs.

### *The apparel industry in Bolivia,*

Bolivia is an apparel making country with more than 5,000 established workshops, made up with 95% of micro and small enterprises (mainly oriented to the domestic market), 4% medium sized enterprises (that is integrated as contractors with exporting companies and produce for the export to neighboring country markets) and 1% large sized enterprise export oriented. Diversification of raw materials for the production of garments is concentrated on cotton, camelids and synthetics, to a smaller extent. Regionally, Santa Cruz concentrates cotton apparel production and synthetic, Cochabamba has a strong production of cotton (mixed or denim). In La Paz and El Alto, work is done with the three material types, and in Oruro and Potosi camelid apparel prevails.

In most of the productive units the machinery and the production methods are outdated, generating low productivity levels. Absence of financing tools and high interests in the market, directly impact in the sector's competitiveness, in terms of the procurement of new machinery, new technology and in general investment for better infrastructure.

The design of apparel deserves a special mention. Companies specialized in this service do not exist. Big exporting companies receive their designs from foreign companies and the small productive units copy or use designs based on their criteria or customs, with almost no possibility of entering in the international market. Patronage service is nonexistent or scaling to create complete collections.

### ***General considerations***

It should be pointed out that, in spite of having training technical institutes, there is not a single institute specialized in the apparel sector. Impacting on time and costs invested by companies in training their personnel.

Most sector exports are carried out by air, which represents a competitive advantage. However this can become a problem with greater repercussions in the future.

The organization of most companies is family structured, reason why the management is not done properly. They have no knowledge of industrial costs, on-line quality or quality control systems. Sector efficiency is lower than 50%, having inappropriate layout of factories, impacting on product quality and prices.

### *Sector bottlenecks*

- 1) Present shortage in the supply of raw materials and available accessories in the domestic market.
- 2) Lack of operating capital and the difficult access to credit represents another disappointment for the sector.
- 3) Poor preparation and experience of companies to face the international market, partly due to the lack of labor training in productivity and technical assistance areas in issues like production management, logistics, costs, issues that, without a doubt, define the competitiveness of these companies.

- 4) Lack of information of companies regarding institutions or organizations that provide service to the sector.

#### *General and Specific Objectives*

The central objective of the Textile and Apparel Sectoral Support Unit is to contribute to the development of apparel and textile chains to increase sector jobs and export generation.

Specific objectives the Unit seeks out are as follows:

- Support the consolidation of the apparel and textile chain.
- Provide support in technical assistance and training, increasing competitiveness to companies, reducing existing bottlenecks.
- Serve as liason between the productive units.

#### *Intervention Strategies*

Since our intervention is bound to the generation of more exports, Trading companies will be identified and will serve as motors of the process.

These trading companies should:

- Have an exporting market
- Know technical specifications of the product
- Have opportunities to expand their exports
- Be willing to be integrated with other companies so that they could provide them services

Companies that can render services to trading companies in different stages of the process will be identified. These services include: Tailoring, Spinning, Fabric, Dyeing, Embroidery, Printing, Design and Patronage, Washing, Machine mechanics, etc.

The project will offer technical assistance, training and articulation between companies in production, management and logistics. In addition, the project will provide support in finance and new commerce niches.

Every company that receives assistance will be bound to an export process.

#### **Project Actions**

To achieve the proposed objective, the proposed work plan should include the following details:

- 1) The unit will be made up by a sectoral coordinator who will in charge of planning, managing and supervising the deployment of consultants to the different companies. This person will be knowledgeable about the company's needs in order to articulate the team.

- 2) A sectoral cotton and synthetics specialist who will identify, evaluate and organize, the project.
- 3) A sectoral camelids specialist who will identify, plan, organize and manage specific projects, articulate with companies as well as with institutions working in this sector.
- 4) Work will continue with the consultant pool that will provide technical assistance in the whole country.
- 5) Within the project support plan to companies, we will also have international experts who will provide assistance in very specific topics. These experts will be responsible for training staff members.

Although the unit will be located in El Alto, we will make sure that the projects are distributed regionally.

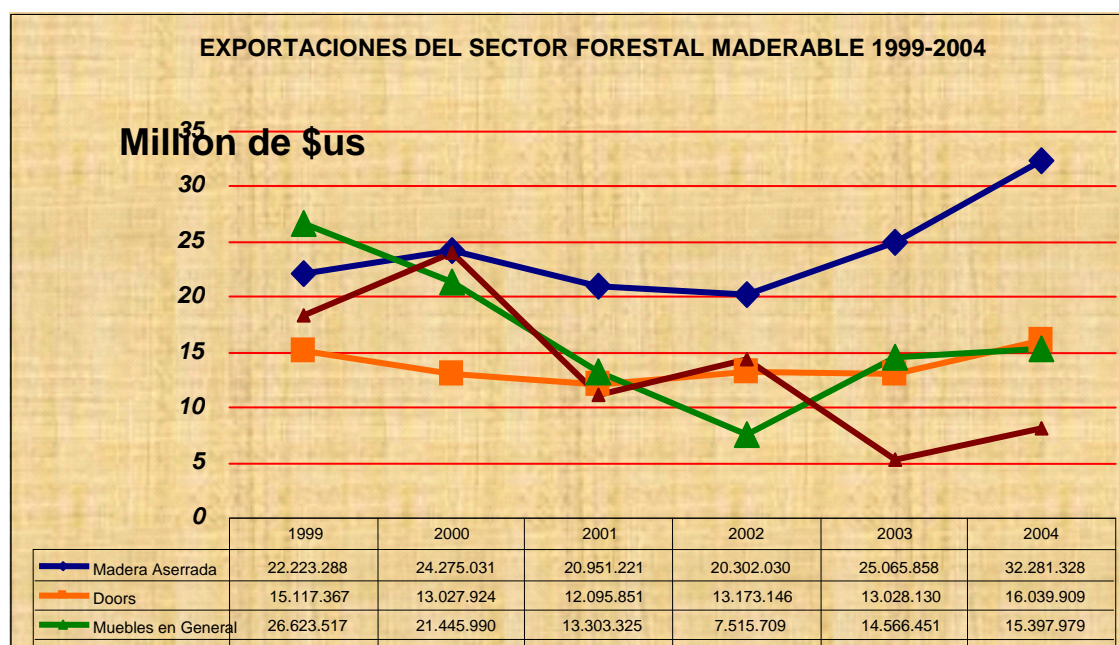
**Chart of results divided by year**

Percentage distribution	20%	30%	30%	20%	
<b>Apparel/Textiles</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>Total</b>
New direct jobs	726	1089	1089	726	3.630
New Exports (in USD millions)	3	5	5	3	15
New SMEs	30	45	45	30	150

### A.1.2. Sectoral Unit Supporting the Wood Sector

#### Context

The Forest Lumber Sector has shown an important growth in its export volumes in the last two years, with a total value added of 55%. In addition, it has been showing a necessary diversification of product palette and an increasing use of the installed capacity in the sector, generating new investments. However, quantity of sawed wood that is sold as export product continues being of considerable volume.



Generation of productive linkages has been one of the success lessons in the first phase of the BTBC project, that is why this type of initiative will continue in the second phase. Productive linkages have demonstrated to be the most effective way SMEs could be incorporated in the export process. In the first phase of BTBC, 24 companies were incorporated to the exporting activity concentrating on products with aggregate value.

Employment generation through the project has been outstanding with a total of 491 companies and training of more than 1,700 people. There were interventions in areas that allowed improving the competitiveness of companies like wood drying, reduction residuals and cutting optimization, planning and production organization, productivity improvements, improvement delivery times, quality control and in many cases BTBC has had a very active role in commercialization counseling.

Program flexibility allows the project assist different size companies and having this as a reality of having worked with the most important companies of the sector, as well as having worked with micro and small size companies.

### **Intervention Strategies**

The Project's Intervention strategy for this second phase is to change the focus of concrete Technical Assistance (TA) to a TA to the exporting chain.

In the first phase AT requests were serviced from different companies in an effort to correct the problems these companies faced. Many of these companies were exporting companies, and although the actions helped the wood cluster in general, the vision of strengthening exporting chains was presented with force and planning for the second phase of the project, like a logical consequence of achievements obtained in the first phase.

It is part of the project mandate for this second phase to strengthen the wood cluster through the development of exporting chains. For this purpose, the project will follow the strategy given by the identification of possible "drivers" (boosters) of chains that will be clients that request export products and they will be presented with possible supplier chains. These "drivers" evaluate the capacities of their potential suppliers and in a completely private decision they make if they work with them or not. In the event of establishing commercial relationship and if there is need for technical assistance for this relationship to prosper, BTBC consultants will begin to work supporting the Bolivian units to reach quality and volume requirements the chain buyer or "driver" requests. These drivers are wholesale companies that have an additional value to the price paid for the products: they allow disseminating production techniques as well as knowledge of tendencies and tastes of the

export markets, aspects that allow participating companies in the chain to improve their abilities to provide better and greater services to other potential buyers.

## **Project Actions**

Wood Cluster strengthening will be carried out through the consolidation of 7 or 8 exporting chains fostered by a "driver". This consolidation is understood as the self-sustainable chains fostered by the project, beyond the lifespan of the project. It is expected that through the technical assistance that is provided by the productive units, these will be able to fulfill the requirements needed for product quality and volume in such a way that they become permanent suppliers of their buyers. Obviously, market tendencies change and the companies must understand that competitiveness is a process of permanent upgrade, and for this reason, it is expected that by end of the project, the companies serviced have assumed that change of mentality and are prepared to stay competitive even without technical assistance from the project.

BTBC activities up to date are listed in the following page along with the driver information and the companies involved in supplying them. As a way of continuity and strengthening the project it can be observed that all companies listed as suppliers had an initial approach to BTBC 1, expecting increase of chains in 3 to 4 where new SMEs would be included that were not present in the initial phase.

## **Budget Execution Proposal**

<i>Level of disbursement</i>	<i>20%</i>	<i>30%</i>	<i>30%</i>	<i>20%</i>	
Wood	Year 1	Year 2	Year 3	Year 4	Total
New Direct Jobs	874	1311	1311	874	4370
New Exports (Mill USD)	4	6	6	4	20
New SMEs in V.Chain	20	30	30	20	100
People Trained	1430	2145	2145	1430	7150
Finance disbursed (Mill.USD)	0.66	0.99	0.99	0.66	3.30

## **A.2. Creation of Business Development Centers (CLIN 2)**

### **General Context for the creation of Business Development Centers**

By noticing positive experiences of USAID in other countries, projects have been executed for the management and development of business from the logic of identifying markets and buyers and then examining local conditions to generate supply.

In this order, BTBC will establish three Business Development Centers in the cities of El Alto, Santa Cruz and Cochabamba with the purpose of finding new competitive business opportunities for sales in the internal market and to generate new exports.

### **General Intervention Strategies for Business Development Centers**

Business Development Center activities will be guided to develop productive business in the manufacturing sector whose objective is to increase exports, employment and the incorporation of SMES in exporting production chains. However, the projects will not be neglected that can be developed based on departmental and national markets that, in many cases, are the basis for industrial growth.

Business Development Centers will have a simple structure made up by a Business Center Coordinator and an Assistant. This team will be made up progressively during July and August so Center activities will begin at the end of August.

To achieve expected results in the three Business Development Centers, work should be done in the following fronts:

### ***Productive examples***

Projects in different industries, guided toward generating export and employment. All the industries will be worked on where there is an exporting potential, starting from the base of experiences obtained in the first phase of BTBC.

### ***Institutionality***

Coordination will be done with private and public institutions, including the relationship of the universities with the companies, to contribute to the improvement of the competitive and business environment.

## **General Actions for the Operation of the Centers**

### ***Installations***

Starting from recruiting Coordinators that will be carried out between July and the beginning of August, we will proceed to establish office installations and equipment. Initially there are advanced contacts with the Logistical Center for Cochabamba offices and with CADEX for Santa Cruz offices. This will depend on the definition of physical space as well as price negotiations.

### ***Preliminary indentification of working sectors***

A central element is to establish sectors they can potentially generate results. For this effect, all public and private efforts guided to the development of the manufacturing industrial sector will be considered a reference, at the level of strategic visions as well as at the microeconomic initiative level.



In this context, the Departmental Industrial Development Strategies (EDIs) will be reviewed, created the Chamber of Industry and the Ministry of Economic Development<sup>2</sup>. Additionally, the National Export Strategy (ENEX) guidelines will be considered, and thus work in regional exporting strategies is recommended here. Therefore, the work of the hubs will not be far from these regional visions and it should generate business and employment in the sectors that strategically have development potential. Without a doubt, the promising projects in other sectors will be considered with special attention for employment generation.

On the other hand, all generated initiatives will be considered by local, public and private institutions, for the development of productive enterprises.

### ***Institutional coordination***

Activities will be coordinated institutionally with all public and private institutions from the departments and the Departmental Competitiveness Council (CDC) having special relevance for being the agreement instance of committed public and private institutions with the development of the department.

Additionally, direct communication connections will be established with departmental federations of businessmen, departmental chambers of industry, exporters, trade and those of the small industry and artisans.

Moreover, the Centers will develop coordinating mechanisms with other institutions and support projects to the productive sector, public (CEPROBOL, SAT), private as well as from the international cooperation, especially USAID projects.

### ***Generation of business opportunities***

Identification of business opportunities will be carried out through individual visits to companies with business generating potential. For this effect, the base team for each Business Development Center will carry out a preliminary selection of companies that potentially could receive support from BTBC, based on the preliminary identification of sectors with potential and client companies of the first BTBC phase. The centers will hire specialized consultants in productive processes to support the identified companies.

Technical assistance will be directed to solve the bottlenecks to generate competitive business, increasing production and generating employment. As it was indicated previously, support will mainly concentrate on manufacturing industrial sectors.

Identified projects in the textile and wood sectors will be directed to corresponding sectoral units for their respective processing. In these cases, the centers will be devised with a logistical support for a sound development of projects in these two sectors.

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<sup>2</sup> Departamental Strategy of Cochabamba ended in December 2004 and the one from Santa Cruz is currently beign worked on.

The Management Productive Sector Support will be responsible for project follow-up in the Centers of Cochabamba and Santa Cruz. The coordinators will present a monthly report on progress and results. A meeting of the 3 Business Development Centers will be held quarterly at BTBC Headquarter Offices.

### ***Support and training events***

In addition to working directly in business development, the centers will work generating management and administration capacities in coordination or in subcontract with universities and educational institutions of the country. The centers will support the realization of regional annual competitiveness forums and departmental exporter production forums.

All these events will be organized together with the Investment and Trade Management of the central BTBC project office.

## **A.2.2. Business Development Center of El Alto**

### **Context**

El Alto is a city full of contrasts, with annual population growth rates of 6% for the last 15 years; it has been one of the fastest expanding cities in the history of Bolivia. It is estimated that for 2005 there are 800,000 people that live in this city, equal to 30% of the population of La Paz<sup>3</sup>.

The population is made up by immigrants from the rural area, predominantly Aymaras, although it has received migratory flows from the whole country. About 50% of the population is under 20, and 78% 39 or younger. 51% of its residents are women.

It presents an illiteracy rate under 8% (the Department of La Paz has a mean of 11.4%), and an 8 years average of schooling (9.3 in men and 6.8 in women).

Basic services coverage surpasses 85% in urban districts (from 1 to 6) and according to the census of companies from the National Chamber of Industries, there are 5,000 companies are established in El Alto, of which 85% are micro enterprises.

El Alto is the main exporter of manufactures directed mainly to the US. These statistics show El Alto with great potential for manufacturing development. Since 2003, El Alto has become a bomb about to explode and it is responsible for the resignation of two Presidents of the country.

The truth is that currently, El Alto generates fears for the business community and for other sectors of the population, mainly because it is ignored. For this reason, it is necessary to

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<sup>3</sup> Statistical data come from the Document "Strategies from the city of El Alto – 2005" INE.

create a new leadership, starting from businessmen that currently work and live in El Alto. We are convinced that the only tool that can stop the roadblocks in El Alto is actually the people from El Alto.

[illegible]

## Objectives

CDNEA should be observed as a connection center from different productive support initiatives to El Alto.

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Although work will be mainly done with manufacturing companies, CDNEA will be able to support any productive unit where possibilities exist of fulfilling project objectives.

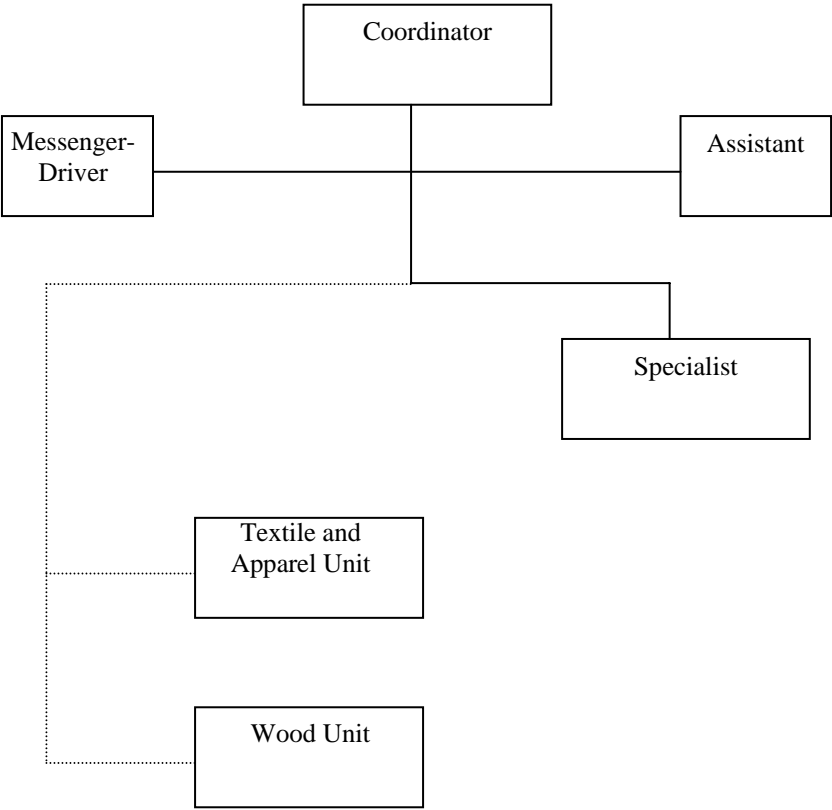
Support will be directed to the development of management abilities, production techniques, product marketing and logistics of company commercial activities.

**Project Actions**

*Installations*

- Location of adequate property
- Infrastructure establishment
- Work Team Selection
- Launch

**Organizational chart Business Development Center of El Alto**



*Development of customer portfolio*

**Based on contacts made with all sectors, a portfolio of potential customers will be selected and work will begin with this portfolio.**

***Productive examples***

- Textiles (Companies with work done in BTBC 1)
- Wood (Companies with work done in BTBC 1)
- Agricultural and Food products (Andean Valley)
- Pharmaceutical Industry Products (Naturalcos)
- Jewelry (Imperial Silver, Exportadores Bolivianos, CECADEM)
- Leather (Fibers and Leather, Calzart)
- Companies from the Association of Graduates from High Management programs for SMEs

***Expected results***

By the end of the year, the CDNEA should:

- Have supported in generating business in the Textile and wooden areas by 2 million dollars per sector and 800 new jobs.
- Have generated business in other industries for 1 million dollars.
- Train 35 businessmen in the 4 week management training program, (in coordination with the Area of Competitiveness).
- Develop a productive forum for export and a regional competitiveness forum (in coordination with the Area of Competitiveness).
- Have a complete inclusion in efforts to increase Department of La Paz exports, with special emphasis in the city of El Alto, heading the process.

**A.2.2. Business Development Center of Santa Cruz and Cochabamba**

**Context**

The economy of Santa Cruz and Cochabamba represent nearly 48% of the total GDP and their exports reach close to 63% of Bolivian exports. However, most of these exports come from the hydrocarbon sector or are associated to the oleaginous sector, thus, it is necessary to develop export business and local sales in industrial manufacturing sectors, considering that there is an important percentage of micro and small enterprises – mostly informal ones – that look for new business opportunities.

In this sense, although with not very high values, Cochabamba shows an interesting diversification in terms of manufacturing exports that should be fostered. On the other hand, Santa Cruz not only presents an enormous potential in the textile and wood sectors, but also in the manufacturing leather and processed food sectors that can generate linkages toward productive sectors from other departments of Bolivia.

Strategies and specific actions for these Centers will be developed in the framework of general criteria mentioned in previous paragraphs.

### **A.3. Financing for International Trade Activities (CLIN 5)**

#### **Context**

By examining deposit, debt, liquidity assets and the respective patrimonial relationships of the Bolivian financial system, we can state that this is a solid system and that although it is in a country where risk has been rated low by international observers - mainly due to the political problems the country has faced – it is controlled appropriately. This reflection bases the statement that the Bolivian financial system is a potential partner to develop financial tools promoted by USAID like the DCA (Development Credit Authority) and the GDA (General Development Alliance).

#### **Intervention Strategies**

The implementation strategy of these two facilities keeps the last budgetary variations of the Mission in Bolivia in mind, therefore, while the budgetary adjustment lasts, BTBC will use the time to appropriately identify potential as well as strengths and weaknesses of the Bolivian financial system and to create a document of final recommendation for the DCA as well as for the GDA that will be useful to start operations once the budgetary flow is normal.

#### **Project Actions**

##### ***DCA and GDA***

Identification, evaluation and classification activities of potential partner for the DCA and GDA facilities will be carried out in 2 stages:

- Individual interviews with the risk managers of qualified banks with investment grade AAA to identify their position in front of this type of facilities as well as their risk aversion and current policies on investments, reprogramming and financing in general.
- Interviews with managers from potential partner banks as well as main executives from private financial funds to – based on fundamental aspects identified by risk managers - to be able to evaluate the feasibility of both facilities in a preliminary manner.

Once both information gathering stages are finished and based on available public information on the progress of the financial sector, we will prepare the final recommendation document.

##### ***Contact and information activities between financial and borrower institutions***

The positive experience of work workshop on export potentialities for SMEs from the Textile and Wood sectors shows the need to carry out this type of meetings in a much more specialized matter with the potential financiers.

### ***Financing access extension***

Training courses will be developed for SMEs that have exporting capacity on the best practices to approach their potential financing institutions. Due to the nature of actions, we will coordinate these actions permanently with the USAID/Bolivia Premier Project.

### ***Counterpart financial institutions***

Initial approach work between BTBC (in its initial phase) and the Fortaleza Group (CAISA) as well as the Prodem Foundation will be strengthened through the concrete identification of possible combined actions that will serve the market as model. Additionally, prospecting work will be carried out on other potential counterparts.

### ***Elimination of institutional barriers***

In coordination with the Premier Project we will support the SBEF to develop regulations or to improve the existent ones with the vision of increasing the competitiveness of SMEs.

### ***Budget execution proposal***

Actividad	Presupuesto 2005
DCA	0
GDA	0
4.2.5.3.2. Facilitación del Contacto y Entendimiento entre Instituciones Financieras y Prestatarios	28000
4.2.5.3.3. Ampliación del acceso al Financiamiento	28000
4.2.5.3.4. Instituciones Financieras Contrapartes	0
4.2.5.3.5. Eliminación de barreras institucionales	0
<b>TOTAL</b>	<b>56,000 \$</b>

## **B. Investment and Trade/Competitiveness Policies Management**



## **B.1. Prospecting studies to evaluate interventions in other sectors with exporting potential (CLIN 2)**

### **Context**

In the contract subscribed between Chemonics and USAID/Bolivia it is established that in the initial months of BTBC, the project team should carry out sector evaluations with outstanding export capacities, so that later based on recommendations in these tests, an intervention plan of BTBC is formulated for the four years of the project. Initial sectors to be evaluated are the tourism, IT and information technology communications ITCs sectors due to the potential and offer of services in the case of the first sector and for the second one, the existence of an important nucleus of ITCs companies that have already begun successful export experiences. In both cases, Bolivia has elements that allow anticipating that with the correct application of measures of promotion policies, programs that identify appropriately conceived intervention scenarios and cooperation from the part of businessmen to face changes that make their respective sector more competitive, more exports and more jobs could be created.

In this context, it is suggested that USAID/Bolivia carry out three prospecting studies and a specific support activity according to the following ideas:

- Compilation of studies and support proposals to the tourism sector of the last three years
- Study on the use of IT and Communications ITCs in BTBC client companies and institutions, as a pilot program
- Study on the software industry in Bolivia, in relation to consolidating and increasing its export capacity
- Financial support for carrying out the VIII EXPOTELEINFO, as promotional tool of the Bolivian software and hardware industry

### **Intervention Strategies**

#### ***Compilation on tourism studies***

We want to have an exhaustive review of diverse studies, diagnostics and programs of tourist development done in Bolivia in the last three years and an outcome of this test will be to create a compilation identifying intervention possibilities of BTBC in a support program to the development of specific and well defined areas of the tourism area.

#### ***Development of ITCs and the Software Industry***

To determine the context of the studies of application of ITCs and to examine the development of the industry of the software, meetings have been held with sector businessmen and with the Development Agency from the Information society in Bolivia ADSIB, organization under the Vice-presidency of the Republic and managing institution of websites and Internet addresses for Bolivia. In this sense, work with ADSIB will allow defining the scope for both studies, identifying specialized consultants in the topic,

coordinating specific activities and working in coordinating fashion in the development of initiatives linked with the ITCs. Moreover, we will establish work bonds with Universidad Real to guide the start of these prospecting activities and examine the possibilities of a joint work, due to the experience of these higher education institutions in the field.

### ***Support to the VIII EXPOTELEINFO***

Among the initial activities forecasted to identify support scenarios to the ITCs industry in Bolivia, there is the participation of BTBC in financing specific activities of this specialized fair-unique in its kind in the country-particularly facilitating the presence of a group of Bolivian companies from the field, fostering the creation of promotional industry material of ITCs in Bolivia, supporting the presence of ADSIB, as well as SENAPI as a promoting window of new services and ITs this institution has by virtue of the support received in the first phase of BTBC. Together with ADSIB, we will work in the criteria for the selection of software companies that will receive BTBC support, taking into account their potentialities and productive capacities, exporting experience, technological field where they are working and elements linked to their domestic and international markets.

### **Project Actions**

#### ***Compilation on tourism studies***

This will be a maximum 30 day consultancy; to immediately begin after this Annual Work Plan is approved. At the end of the study we will carry out three presentation workshops of conclusions and recommendations of the compilation, in three districts of the country, with the participation of sector players, in the public as well as the private sector and as validation tool of future project interventions. (August-September 2005)

#### ***Development of ITCs and the Software Industry***

Two separate maximum 40 day consultancies will be carried out, to immediately begin after this Annual Work Plan is approved. At the end of the study we will carry out between three and six presentation workshops of conclusions and recommendations of the studies in the three main cities of the country, with the participation of sector players, in the public as well as the private sector and as validation tool of future project interventions. (August-September 2005)

### ***Support to VIII EXPOTELEINFO***

Once the fair this programmed to be carried out on August 15 – 19, negotiations have been advanced with USAID/Bolivia for the approval of this specific activity. (August 2005). Financing of the following items has been forecasted of the request presented to BTBC by ADSIB:

- Rent of stand for 20 selected software maker companies in Bolivia.
- Transportation expenses for representatives from 20 companies
- Promotional material for 20 participating companies

- Rent of stands for organizing public institutions SENAPI and ADSIB. Decoration of stands for organizing public institutions.
- Transportation expenses for representatives from public organizing institutions
- Lodging for representatives from public organizing institutions

### ***Future BTBC interventions***

Based on the findings from the compilation and two studies on ITCs, we will create an intervention plan for BTBC support in specific actions that contribute to the development of tourism and ITCs in Bolivia

## **B.2. Training and Educational Events (CLIN 2)**

### **B.2.1. Strategic Management Training Program for SMEs**

#### **Context**

In the first BTBC phase, the Strategic Training Program SMEs of the city of El Alto was carried out with successful technical and operative results, having a graduate pool of 50 businessmen. The program executed by the Bolivian Catholic University UCB, adapted the academic curriculum of its Development Masters program estimated levels of preparation and the managers administrative knowledge of SMEs selected for the course on strategic management, with good results from the point of view of use and practical application of the acquired knowledge. In the program framework, professors and assistants of the UCB will carry out full time visits to all and each one of the participating SMEs, in order to do follow-up on imparted training and in this way to be able to apply operative and strategic management tools on-site.

In this context and given the receptiveness and demands from participating businessmen to provide continuity to this type of training broadening it towards a greater and new number of SMEs. In the present phase of BTBC, we want to carry out a similar program for each city with headquarter Business Development Center offices.

#### **Intervention Strategies**

Together with supervisors and coordinators from the Business Development Centers and servicing each region's particularities, a preselection of companies will be done adapting the criteria used in the first phase of the project. We will try to interact with small and medium companies within productive sectors that the Business Center is servicing. (August 2005)

In terms of the acquired experience, BTBC will design the Terms of Reference to nationally bid the realization of courses in the cities of El Alto, Santa Cruz and Cochabamba. (September 2005)

A nation wide bid will be carried out summoning all public universities and legal private universities of the country; in such a way that the academic institution that has national capacities can present itself for the training program in the three cities. The bid will be done in October 2005 and it is estimated that the courses will start in November, in continuous form until completing the instruction cycle in May 2006.

We hope that each course will have 35 to 40 participating companies.

## **Project Actions**

The Annual Work Plan 2005-2006 contemplates the execution of the following activities:

- Execution of the first course for the Business Development Center of El Alto: October-December 2005.
- Execution of the second course for the Business Development Center of Santa Cruz: El Alto: January-April 2006.
- Execution of the third course for the Business Development Center of Cochabamba: May-Julio 2006.

### **B.2.2. Productive and Competitiveness Forums in Business Development Centers**

#### **Context**

Technical assistance activities to exporting companies exporters and BTBC clients that are developed by the Business Centers like the Sectoral Support Units, will be supplemented with information events, workshops and conferences of experts on diverse aspects of the productive realm, international trade, technical regulations, design issues, production, labor aspects, clean industries, environmental aspects and all type of information and training demands that are required.

This type of training and/or education has already started in the first phase of BTBC when sectoral workshops were carried out in main cities of the country, showing the validity of the activity, because business people are brought closer to the realities of the domestic and international commercial context.

In the second phase of BTBC two types of events will be carried out at the Business Center: Productive forums to discuss technical issues related with development, demands and strategic orientations of sectors and territorial clusters and regional competitiveness forums, where the discussions include more general issues linked with local, regional and national policies oriented to the search of competitiveness.

#### **Intervention Strategies**

##### ***Export and productive forums***

Together with Business Development Center supervisors and coordinators forum context and formats will be designed, defining issues, lectures and participants. We will work closely with local authorities to make them participants of the events and doing so with other government authorities, in order to make the forum become part of the exchange agenda between the public and private sectors. We will try to identify sectors with exporting potential exporter in productive, their capacities and limitations will be examined for the increase of supply and information will be supplied with practical content to improve the productive profile of exporting companies. This description of areas of interest is not complete because the forums will definitely respond to the demands of the business area. Summoning will prioritize the presence of productive players and sectoral experts.

### ***Regional competitiveness forums***

The coordination level for the organization and execution of regional forums of competitiveness will extend to institutions like the Departmental Council of Competitiveness, Productivity and Competitiveness Unit, Viceministry of Industry, Trade and Exports and other public institutions members of the Bolivian Productivity and Competitiveness System. The idea for this type of events is to generate a wide discussion process on institutional and technical issues that limit competitiveness of exporting sectors regionally and on the basis for exchanging ideas, to prepare "Regional Competitiveness Agendas" that anticipate discussion scenarios to take to the Bolivian Productivity and Competitiveness Forum, which it is expected to be institutionalized starting from the event carried out in June 2005. For regional competitiveness forums a bigger number of participants will be summoned in comparison to the productive forums, given the nature of the agendas and the group of players involved. Regional competitiveness forums will be carried out after the regional productive forums and prior to the Bolivian Competitiveness Forum SBPC will organize annually.

### **Project Actions**

The Annual Work Plan 2005-2006 contemplates the execution of the following activities:

- 3 productive forums for the Business Development Centers during October 2005.
- 3 regional competitiveness forums during the latter part of January of 2006.
- Follow-up tasks of forums in charge of the project team during the development of the Annual Work Plan

### **B.3. Training Program for Bolivian Trade Negotiators (CLIN 3)**

#### **B.3.1. Training Program of Trade Negotiators with Florida International University FIU**

##### **Context**

In the first phase of BTBC and with the participation of FIU in consortium with INTEGRAL-firm specialized in international commercial negotiations of Argentina-technical training was given in the issues of international commercial negotiations to 40 Bolivian professionals, from the private and public sector, based on role playing and a training program that reached nearly 200 hours of academic teaching.

This training program was received with approval by Bolivian authorities and by business organizations of the country because the country was immersed in negotiations to further its advantages of commercial access in diverse market opening processes, like the Andean Community of Nations, tariff liberalization in the MERCOSUR forecasted for December 2006, the use of the ATPDEA, the Generalized System of Preferences (SGP) with the European Union and the whole framework of negotiations planned on the ALCA and immediately after the start of the Andean discussions for the Free Trade Agreement (FTA) with the United States of America.

Currently and when Bolivia is already participating in Andean FTA with the US negotiations as an observer and at the same time furthering negotiations for the SGP with the European Union, it is foregone to identify greater training needs, fundamentally to support Bolivia in the definition and institutionalization of their commercial policies.

However, in terms of the political situation the country is going through and the prompt institutionalization of its authorities in the election process that are near, it is evident that the present scenarios at present can change and with it, also change the priorities in the context of international commercial negotiations.

### **Intervention Strategies**

In an initial approach, we can verify that in order to reach that definition, Bolivia should overcome diverse limitations or work on the scenarios that currently characterize the country as regards to international trade, areas that although will not be serviced by BTBC, it is important to recognize them to put the training program in context we want to execute with technical assistance from FIU. Among the aspects that deserve to be highlighted we have the following ones:

- Bolivia has a structural problem as for the presence and stability of negotiation teams and trade management. This is the result of not having institutions linked with the international trade, permanent and technically capable. It should be remembered that in spite of the fact that IDB has granted and paid a loan to Bolivia for the operation of an international commercial negotiations unit, this has not yet begun to work. In the case of CEPROBOL, neither a budgetary strengthening is evidenced that allows it to support negotiations with the unavoidable tasks of promoting exports.
- The need of a full insertion in the global economy, once the concentration of exports and the non-use of the effective tariff concessions calls upon everyone to work in the promotion and diversification of exports like optimizing the use of the commercial advantages granted to the country.
- The training program should identify priorities and focus technical assistance for obtaining positive results. That is to say, training should be focused on strengthening the

negotiating commercial capacities in the arenas where Bolivia can consolidate and to increase its commercial positioning, including negotiations with CAN, Chile, MERCOSUR, FTA with the US, the European Union and the multilateral rounds of the World Trade Organization.

- By recognizing that commercial negotiations have not been necessarily linked with the export promotion plans, the training program should already emphasize the optimization in the use of negotiated concessions and the definition of new negotiation goals to enlarge concessions and at the same time increase export opportunities.
- The training program should incorporate elements that assist the country in improving international negotiation coordination, at intergovernmental organizations levels as well as coordination with the private sector. This coordination process will improve the information channels in relation to benefits of commercial agreements and it will promote an active and transparent participation of these sectors in the design of commercial policies and commercial negotiation strategies.

With these elements in the discussion folder, initially the BTBC team will examine diverse performance scenarios against commercial negotiation processes with Bolivian government authorities, and in the same matter based on these precepts identify training and technical assistance needs accurately. This process will demand the presence of a reduced team from FIU so that together with the BTBC team they can carry out this discussion and restate the training program initially proposed by Chemonics in the bidding process of the second BTBC phase. This reorientation will therefore respond to aspects previously pointed out, in such a way that we can positively respond to demands and political and technical areas that value the contribution of the training program positively. (August-September 2005)

## **Project Actions**

By assimilating the discussions with the government can be guided to a minimum program of activities and recognizing that the readiness of resources imposes limitations to the training program initially forecasted, we propose to at least execute the following tasks:

- 1 three day workshop guided to analyze commercial agreements the US has subscribed with Chile, Center America, Panama and the FTA that it is being negotiated with Colombia, Peru and Ecuador. (November 2005). The content of this workshop will be the following one:
  - General context of general negotiations of ALCA after the Declaration of Miami in 2003
  - Tendencies towards bilateral agreements given limitations of hemispheric negotiations
  - Similarities and differences between different agreements
  - Basic structure of agreements
  - Analysis of more sensitive issues and their resolutions within different agreements (market access, consolidation of unilateral preferences-SGP, ATPDEA- commercial disciplines as anti-dumping measures, intellectual property and the main costs and benefits
  - Special clauses and differential treatment for small economies

- Outstanding conclusions for bilateral negotiations Bolivia-US
- 1 ten day workshop guided to analyze the context and the main thematical negotiation FTA issues between a small economy and a developed economy. (November 2005). Content proposal for this workshop would be the following one:
  - Central characteristics of a FTA, the articles of the agenda and their meaning
  - Elements to evaluate the impact of the FTA in the hemispheric environment: its opportunities, risks and implicit threats in the structure of relative preferences and their possible evolution
  - Analysis of the most sensitive issues for the Bolivian economy in relation to its exports and imports
  - Special and differed treatment for small economies
  - Expected problems in the implementation of the negotiated agreement

The dates and finally agreed upon products will be defined with government authorities between July and September 2005.

### **B.3.2. Creation of Dissemination and Exchange Mechanism with Civil Society**

#### **Context**

One of the aspects which BTBC emphasizes its work is to strengthen local capacities, already avoiding duplication of efforts or extreme ruptures in established institutional order. In this context, it is important to know that currently and properly regulated by a Supreme Decree of Bolivia, the National Export Council of Exports CONEX exists and it is operational. CONEX is an instance of discussion of international trade and integration policies, made up by public authorities and representatives of the most important business unions in the country. Until recently, CONEX did not have permanent or outstanding performance in the discussion of issues for which it was established; this as a result of the absence of an expressed decision and political will of authorities that preside over it and as a result, the articulation between the exporting businessmen and the government was more a function of interpersonal relationships or a bigger or smaller capacity of political lobbying.

By not taking full advantage of this “meeting point” between the public sector and private, advantages are wasted of a permanent dialogue, a continuous and institutionalized communication and the possibility to have a close follow-up of the agreements or assumed decisions.

At the time of starting BTBC, an extraordinary approaching will with exporters has been identified on the part of authorities from the Ministry of Economic Development-who preside over CONEX-and this translated into, among other aspects, in greater frequency in which CONEX gets together.

#### **Intervention Strategy**



In the previous context, we propose that the expressed will that CONEX works more adequately could be supplemented with actions to reinforce its technical capacity to carry out the follow-up of assumed agreements, articulating public-private agendas and developing coordination tasks and permanent lobbying for the execution of the National Export Strategy.

In the logic outlined by the BTBC team, the constitution of the Dissemination and Exchange mechanism with the Civil Society pointed out in the contract subscribed with Chemonics, it deals with the reinforcement of CONEX through the presence of a permanent Executive Secretary and dedicated to tasks for which this mixed instance was created. In this direction, the Secretary of Economics from the Swiss Federation (SECO) between the 2003 and 2004 administrations supported the operation of the Executive Secretary financially with not very commendable results, because the official designated for that task completed line functions in the Ministry of Economic Development and objectively he/she did not have the necessary time to attend demands of all CONEX members.

Viability of this proposal is centered in getting strategic agreements with the corresponding players, based on the following:

- The CONEX Executive Secretary shall not exercise line activities at any public or private institutions are included.
- The CONEX Executive Secretary is designated by authorities from Ministry of Economic Development, based on a three professionals proposed by CANEB and evaluated in the framework of CONEX.
- The CONEX Executive Secretary assists with exclusivity CONEX issues and support all its members in issues related to its relationship as Council members.
- The previous existence of an agreement between MDE and CANEB to share part of the expenses that the Executive Secretary's function demands, supplemented by the financial support that BTBC would provide.

## **Project Actions**

We propose the following:

- Reinforce the operation of CONEX, financing a part of operative expenses that demands the permanent presence of a professional that acts as its Executive Secretary. This support is understood as ensuring that CONEX to be the main articulation tool of international trade issues, in such a way of supporting its activities, strengthen its articulation capacity among its members, as source of consultation of exporter needs and as mixed and academic tools for agreements in international trade policies.
- Financing of this Executive Secretary will be shared between MDE, CANEB and BTBC. The job posts (items) that correspond to the MDE and CANEB will be previously identified, but they can include material contributions like the use of offices, secretarial support, services and logistics.

- BTBC would finance the consultant's wage and it would contribute with resources for his/her deployment nationally, communications and administration tasks in the Government Seed.
- CONEX Executive Secretary will be able to service CANEB in political-institutional management tasks, to support to the Presidency and General Management of the institution in the formulation of proposals, analysis of national and international economic environment and he/she will fulfill permanent coordination activities with other affiliated entities to CONEX and CANEB.
- This support will be able to become effective through the a donation to CANEB, pointing out the expressed purposes of the support and establishing future conditions for the maintenance of the financial support to the Executive Secretary, among them, the local private-public growing co-financing along the project.

### **B.3.3. Development of Critical Analytical Studies with IBCE**

#### **Context**

In the current situation scenario where the presence of Bolivia is being debated in the world arena and where questioning or the support to commercial opening processes is permanent, as well as the demands for critical analytic studies that evaluate the impacts of commercial globalization or it examines the positive or negative aspects of the Bolivian participation in the process, or that it examines the potentialities to expand or consolidate new markets, is also permanent. On the other hand, the absence in Bolivia of public or private organizations is noticeable with the enough experience, capacity and institutional credibility to elaborate this kind of studies, without generating biases that make their conclusions unviable.

In this context, one of the Bolivian institutions considered as suitable to do this type of studies is the Bolivian Institute of International trade IBCE, the same one that after almost two decades of service in support of international trade in Bolivia, has achieved enough prestige as to be considered a reference institution in Bolivia as well as abroad.

In addition, from the previous phase of BTBC, initiatives to support the strengthening of the IBCE are being discussed, which for different reasons, some of them of institutional nature, prevented to advance in making support possible. In this opportunity, budgetary reasons limit supporting a vast strengthening program and we rather intend to begin some activities particularly linked with the elaboration of analytical and critical studies pointed out.

#### **Intervention Strategy**

There will be an agreement with IBCE that as a national organization could identify some national, regional or sectoral demands as regards to specific studies it could present financial requirements for their elaboration for BTBC to consider.

It is understood that the IBCE will focus its applications towards the realization of studies that appropriately inform on international trade issues and allow to advance in the

consolidation of new and larger export markets, make international commercial negotiations possible where Bolivia participates, examine the impacts of opening processes and offer information to businessmen and authorities on the strategies and negotiation scenarios for a better use of concessions already granted. BTBC will emphasize the creation of practical and pro-positive studies and that they may offer solutions to problems for the Bolivian international trade.

In the framework of future support interventions to IBCE, we pretend in this first effort of combined collaboration, this organization demonstrates its real capacity to congregate and gather different sectors and regions through the identification of studies that are effective contributions for the increase of national exports.

### **Project Actions**

Through the signing of a Memorandum of Understanding, BTBC will facilitate resources to IBCE for the elaboration of a number of three critical analytical studies in this first year of the project, based on selection criteria of areas and previously conventional beneficiaries.

### **B.4. Support to Government Offices responsible for Competitiveness and International Trade (CLIN 4)**

#### **Context**

In the framework of the first phase of BTBC, an important group of supporting activities to the productive sector as well as assistance for the improvement of the competitive environment was carried out in relation to the demands from public or private players related with the project or as a result of having identified intervention opportunities. In this sense, we partly answered the pilot nature of the project.

In this area of interventions, already solved by USAID/Bolivia, requested directly to the Agency and/or channeled through project offices, activities that were never contemplated in the respective annual work plans surfaced but that nevertheless responded to concrete needs that the project was in conditions of servicing.

In this context and with the purpose of establishing an orderly process that optimizes the available resources, for this second phase of BTBC, counterpart resources are available through the PL-480 Executive Secretary to support government offices responsible for the arenas of competitiveness and international trade. (Ministry of Economic Development MDE and Ministry of Foreign Affairs and Culture MRE).

Thus, by in this way, we will be able to assist the specific demands of the national government based on concrete availability of financial resources, forcing the parts to establish work priorities and an orderly planning of expenses.

### **Intervention Strategy**

Available resources coming from PL-480 or others that USAID/Bolivia may come across to service the demands of government offices pointed out will be distributed proportionally throughout the years of the project. These resources will create a fund that we will name Technical Assistance Fund (TAF).

Coordination will initially be done with the MDE regarding the procedures to carry out expenses against local PL-480 resources, based on the following general guidelines:

- The possibility of establishing a percentage distribution of the FAT will be discussed between the Viceministry of Industry, Trade and Exports from the MDE and the Viceministry of Economic Affairs and International Trade of the MRE.
- Two small Monitoring Committees will be created-one for every Viceministry-as instances to coordinate, plan and monitor the use of the FAT.
- In the framework of each Committee, an Annual Work Plan will be created that allows BTBC to plan payments of FAT resources and to carry out the respective follow-up before USAID/Bolivia.

FAT resources will only be able to be used by the Ministries in the following tasks: i) hiring short term consultants to carry out immediate follow-up activities on tasks pointed out by the ministries as high priority, creation of essential studies and another type of economic consultancies; and, ii) computer equipment.

### **Project Actions**

In the framework of the Annual Work Plan June 2005-May 2006 we plan to immediately carry out administrative coordinating tasks with the PL-480 Executive Secretary, to establish payment procedures from BTBC resources and in parallel form start talks with the MDE to execute the tasks that the previously pointed out strategy suggests.

We hope to have the two FAT Committees ready by end of August 2005, starting disbursements in relation to the planning that could be agreed upon mutually between USAID/Bolivia, both Vice-ministries and BTBC.

### **B.5. Coordinating and Support Efforts to Trade Activities (CLIN 6)**

In this specific activity, the BTBC team will carry out permanent activities of contact with the different projects financed by USAID/Bolivia that includes to the projects that at the moment are being operated by Chemonics, with other projects of other donating agencies and it will coordinate with USAID/Bolivia the realization of another type of events.

Initially it has been foreseen for the month of July 2005 a meeting of Project Manager of the programs operated by Chemonics that includes to MAPA, ARCo, BLT and BTBC. The idea of this first meeting is to exchange implementation ideas among the mentioned projects, to coordinate intervention efforts and to enrich the resulting operation capacities of the concrete experiences of each project. Although each one of the projects has very defined areas of performance, it is undeniable that the to be informed mutually of the objectives and

reaches of each contract and to make it in the plane of teams that you/they belong to the same contractor, will generate synergies that will contribute and to enrich the objectives of USAID/Bolivia.

On the other hand, we will organize a forum with the donating agencies that are working in support projects for the development of the Bolivian international trade, with the intention of coordinating efforts and again to generate synergies that optimize the available resources for the country. (November 2005). Central to this effort it is to work closely with the Development International trade Support Program financed by the European Union, with the Danish Agency supporting development DANIDA that works with exporting firms of the country, with the IDB that is financing the constitution and operation of the International Commercial Negotiations Unit of the VRECE, with SECO from Switzerland and other agencies that they have presence and they grant support to the Bolivian System of Productivity and Competitiveness SBPC. The forum of donors will be organized by the end of the 2005, with the purpose that its recommendations and performance consents contribute to the regional forums of competitiveness that BTBC will organize within the Business Development Centers as well as the same Bolivian Forum of Productivity and Competitiveness which the Productivity and Competitiveness UPC Unit of the SBPC is responsible for..

## **B.6. Public Information and Exchange Program to Foster Competitiveness and Exports (CLIN 9)**

### **Context**

Aside from training, information and training events that BTBC will develop with the Business Development Centers regionally, the need exists of giving some form of continuity to communicational and educational efforts that were taken up with the Communications Campaign "Bolivia Exports Bolivia Grows" during the first phase of the project. This is so, especially in the area of discussion events, workshops and expert conferences.

In this context, it should be acknowledged on the other hand that the information and education needs on thematical techniques of international trade are permanent and therefore widespread given the extensive number of productive sectors, services and public and private organizations that are related with these issues.

In the framework of the public entities with which it is needed to generate a coordination process and provide these with a level of institutional support, the UPC the coordinating institution of the SBPC that is responsible for generating proposals for the improvement of productive processes, articulating its efforts with another important group of public organizations as National Customs, the SENASAG, IBNORCA, SENAPI, Technical Assistance System SAT, Vice-ministries and others.

### **Intervention Strategy**

The organization of conferences, technical workshops and the execution of short courses in topics related with trade require an orderly vision of needs and identification of specific

projects. In this sense we intend to work in a coordinated way with the Unit of Productivity and Competitiveness, with the Departmental Council of Competitiveness and with the Regional Export Chamber to organize these information and training events and to get these events to respond to concrete demands and needs for the involved parts.

Moreover, project activities will also be directed so that the UPC itself formulates studies and elaborate exams of consistency of the tasks of the SBPC, contributing this way to the improvement of the competitive environment.

## **Project Actions**

The Annual Work Plan 2005-2006 contemplates the execution of the following activities:

- Hold 2 workshops on issues related with the trade, competitiveness, quality standards for, administration of international trade, HACCP, clean industries, etc. (February and April 2006)
- Hold 2 seminars and forums on access to markets, service trading, intellectual property, SGP, customs procedures, etc. (March and May 2006).
- Carry out 2 studies with the UPC according specific demands and consensus on priorities from SBPC. (November-December 2005 and March-April 2006).

## **B.7. Institutional Strengthening related to International Trade (CLIN 10-Optional)**

### **B.7.1. Training for Patentability and Registration Processes and Intellectual Property Rights**

#### **Context**

In the framework of the first BTBC phase, SENAPI received an important contribution from USAID/Bolivia that has allowed it to advance in a complete restructuring of its services and to modernize its registration systems and customer service.

This support has contemplated a wide process of institutional reengineering, modernization of its systems and computer equipment, reparation of processes and implementation of registration processes electronically.

As a result of these efforts jointly carried out with SENAPI staff, two Supreme Decrees have been issued directed to institutionalize and to be modernized SENAPI.

The Supreme Decree No. 28152 of May 17, 2005 is the one that particularly gets the attention of the second phase of BTBC, since in Article 10° of the Human Resources Regimen it points out the following: "*III. SENAPI will be able to select, accredit and hire specialists or entities specialized in the different areas of science and technology that will act as external examiners in the applications of rights of Intellectual Property, making in-*

*depth analysis of patentability and registration whose cost will be covered by the applicants, according to regulation. The Technical Offices to this effect will take, a bank of experts' accreditation authorized by the SENAPI."*

In this context and given the fact that in Bolivia there are no experts that can develop the tasks indicated in the Article pointed out, it is evident that SENAPI will not be able to develop the selection processes, accreditation and recruiting of in-depth examiners for the patentability processes and registration and thus, the same process of registration of Intellectual Property will be affected with external effects related with the non-fulfillment of international agreements as regards to Intellectual Property Rights. This in turn will be able to generate negative impacts to international trade since DPI thematic is part of the processes of international commercial negotiations.

### **Intervention Strategy**

Once the scope and technical and legal implications of Article 10° of D.S No. 28152 are discussed with SENAPI and the authorities of the MDE, we will design a training program for 20 to 30 Bolivian professionals that acquire tools to become in-depth examiners for the patentability and registration process.

This program could have been bided nationally so that Bolivian experts, the ones that are present, as well as universities and specialized legal studies participate as trainers, and also having the collaboration and experience of the World Organization of Intellectual Property OMPI, organization with whom and together with SENAPI, the curriculum of the training program would be designed. (February-May 2006)

### **Project Actions**

The Annual Work Plan 2005-2006 contemplates the execution of the following activity:

- To have a 3 month course to train 20 to 30 Bolivian professionals as external Fund Examiners of Intellectual Property rights requests. (March-May 2006)

### **B.7.2. Exporting Trade Missions**

#### **Context**

One of the effective tools for the promotion of exports is the approach of Bolivian exporters with international buyers, task that can be carried out through the visit of salespersons to international potential markets or the presence of a selected group of international buyers that visit local suppliers.

At any case, combined efforts are required between the Government, private organizations and the exporting businessmen themselves for the organization of meetings that generate expected impacts in sales.

From the perspective of the public sector, CEPROBOL is responsible for promoting national exports and promoting the international investments toward the country, and for this purpose having an international network of relationships and commercial information based on nearly 100 embassies and consulates that Bolivia has abroad. The possibility of generating effective meetings between Bolivian exporters and international buyers is partially based on the performance of this International Network that should efficiently aid in the organization and agendas of commercial missions to and from Bolivia.

On the other hand, the role of the Export Chamber is vital for the success of a commercial mission, not only organizationally but identification of the markets itself, selection of mission participating businessmen and the insurance of commitments assumed and follow-up of results.

In the case of businessmen, they have the central task of participating with trustworthy information regarding their offer, insuring prices, quality and execution based on the agreements reached in the meetings. Therefore, it is not wise to think that the commercial missions are successful the three stakeholding parts previously do not comply with their respective responsibilities.

In the context of the first phase of BTBC, USAID/Bolivia supported the presence of Bolivian exporters in specialized fairs (Magic for textile and High Point for wood) as well as supporting two commercial missions to Brazil and Chile. In all the cases, these activities fulfilled their objectives, not only from the perspective of bringing together Bolivian exporters with their international buyers, but in all the cases, sales finally achieved vastly surpassing the resources invested by the project.

### **Intervention Strategy**

For the second phase of BTBC, financing is planned for at least two commercial missions (Mexico and China), previously establishing institutional agreements that place demand of the parts-CEPROBOL, Exporting Chamber and businessmen-the execution of their actual responsibilities.

For this effect, we suggest work to be done with CANEB and through this working relationship, with their affiliated chamber, in the construction of a coordinating and follow-up mechanism articulates CEPROBOL and selected businessmen, in such a way that visiting agendas could be insured as a result of commercial missions, and buyers can be clearly identified. Also to have complete information before the mission and ensuring from an organizational point of view, that the mission does not face logistical nor operative problems.

In order to insure the institutional part-CEPROBOL and CANEB-comply with their responsibilities, a Memorandum of Understanding would be signed with previous and later expressed conditioning to the realization of commercial missions. In the same direction, the BTBC productive support area will establish previous and later commitments equally with selected companies to participate in the Mission.



It is fundamental that commercial missions that are carried out find are contextualized in the framework of National Exporting Strategy, as for representing genuine expansion opportunities and growth of Bolivian exports.

### **Project Actions**

The Annual Work Plan 2005-2006 contemplates financing the following commercial missions:

- Support to have a Commercial Mission to a country of the Latin American context. (November 2005)
- Support to have a Commercial Mission to Europe or Asia. (March 2006)

In both cases, diverse market studies, possibilities of economic complementation and strategic agreements point out these two countries as interesting options where Bolivian exporters can find selling options.

For both cases, a minimum budget of institutional strengthening will be contemplated as for CANEB as well as for CEPROBOL, in items exclusively dedicated for the organization, execution and follow-up of commercial missions.

### **B.8. Improvement of the Business Environment (CLIN 11-Optional)**

#### **B.8.1. Program to Support Trading Capacities of El Alto**

##### **Context**

It is of interest of USAID/Bolivia to increase its presence in the city of El Alto through diverse cooperation and technical assistance programs. In the particular case of BTBC and directly related with this interest, one of the three Business Development Centers that should be created and one of the two Sector Support Units, with which BTBC will operate in its second phase, they will operate in the city of El Alto.

Starting from these efforts, USAID/Bolivia through BTBC, hopes to contribute with the productive and exporting development of the city of El Alto, taking advantage of the potentialities and characteristic of its diverse manufacturing sectors. It is expected that El Alto creates more jobs by increasing its exports of manufactured products, and wages to be increased as a result.

As the number of players linked to exporting increases and the salary difference becomes patented among the diverse sectors of the economy of El Alto, exporting clusters will become more attractive. In that sense, the city of El Alto will be closer to international trade processes and thus, the possibilities of generating social conflicts will be smaller that may affect these perspectives.

It is certain that betting for a more productive, more exporter and more directly related city with world markets demands massive private sector investments from the local and external side. This implies enormous efforts to improve productive capacities of their labor, it implies capital stock and technological improvement of industrial plants and on the part of the institutional environment, plans that facilitate private investment and establish a substantially more competitive environment.

Certainly, BTBC will not be able to service all demands to make the El Alto the ideal city and exporting community, but it will work in certain areas that contribute to that objective and will do it together with authorities, organizations and local businessmen.

### **Intervention Strategy**

A first approach to know what type of support BTBC can provide to improve the competitive environment of El Alto has been to acknowledge and to participate in discussions on Local Development Strategy DEL for the city that the Democratic Development and Civic Participation 3 (DDCP 3) project of USAID/Bolivia has created.

In this sense, DEL offers a reference framework that appropriately centered in concrete projects, budgets and action strategies, will allow projects like BTBC to also make specific contributions.

BTBC action tools in support of El Alto and closely linked to DEL economic components are centered in technical assistance tasks to exporting manufacturing companies, in the identification of new productive business in the city and in institutional strengthening and technical training programs that will be executed in the next four years. In essence, this is the basis for what we plan to do in relation to the productive development of El Alto.

### **Project Actions**

In the area of the institutional environment and to improve the competitive capacities of the companies of El Alto, the Annual Work Plan 2005-2006 contemplates the execution of the following activities:

- Execution of a pilot business training program pilot in the city of El Alto with participating companies from the Strategic Management Programs carried out with the Universidad Catolica.
- Support activities to the execution of the Local Development Strategy of El Alto (DDPC3 Strategy) that can include works with Head Economic Development office, creation of regulations for fostering investments, design and identification of projects to include them in financing from the Millennium account, etc.
- Support to Inverse Fairs with PROCAL, to improve the organization capacity, supply and compliance of bidding conditions for the companies of El Alto.

These activities will be defined in the framework of discussions with players involved and will be included all year round of the project.

## SECTION V

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### MONITORING AND EVALUATION

#### A. Systematizing Monitoring and Evaluation process

##### Context

Results that must be achieved due to interventions of the BTBC project, mainly in the productive sector, deserve special care in the establishment of a monitoring and evaluation system. For this purpose, according to what is established in the contract, the project will create a *Monitoring and Evaluation Plan* (Performance Monitoring Plan-PMP) where indicators found in the signed contract with USAID will be included: *i) Exports, ii) Employment, iii) Investments, iv) Financing of companies, and v) co-participation of companies in technical assistance costs.*

However, in addition to fulfilling with the creation and follow-up of the PMP, methodologies should be designed, create mechanisms and establish procedures for project interventions in the productive sector as well as in the area of competitiveness.

##### Intervention Strategies

Monitoring and Evaluation (M&E) activities will be guided to fulfill the following objectives:

- Looking after the fulfillment of activities forecasted in the Contract and in annual work plans.
- Verifying obtained results as a result of project interventions in favor of the private sector as well as of the competitive environment.
- Contributing instruments for decision making in project activities.

In order to fulfill these objectives, the M&E unit will develop tools that allow measuring results during and after the execution of activities from the two project operative management offices. In the same matter, these instruments will serve as support in decision making to improve the impact of BTBC's second phase interventions.

During the first 60 days, the activities will be guided to systematize the Monitoring and Evaluation methodology and procedures for the 2005 – 2006 administration, and the adequate identification of indicators relevant in terms of trustworthy properties, data precision, consistency, and availability with simplicity and required regularity.

**Result indicators** will be set that translate project objectives. In the understanding that results in the productive sector are a result of technical assistance, training, etc. processes, we will work with **activity indicators** that will be generated as supporting activities to the productive sector are carried out. Finally, context information will be generated on the

evolution of exports and financing to SMEs. These **context indicators** will allow evaluation the relative importance of results achieved in productive sectors.

For each indicator a primary source will be established (company, customer, etc.) and if possible, the secondary source that supports the information initially obtained.

Result, activity and context indicators will be established for the support area to the productive sector meanwhile for the area of strengthening the competitive environment we will work with result and activity indicators, which will be more qualitative than quantitative.

Based on criteria pointed out earlier, manuals will be created to systematize the methodology and procedures for technical assistance for productive units as well as for the release of information and administrative procedures.

Support tools will be developed for information processing like a computer system for monitoring and evaluation, the web page and informative bulletin through which project progress and results will be disseminated.

## **Project Actions**

### ***Definition of indicators and information reporting methodology***

During the month of June 2005, result, activity and context indicators will be defined. Result indicators will be created in terms of contractual goals defined with USAID for each component. Most of the indicators will be gathered in assisted companies or in beneficiary institutions. However, due to the special complexity in measuring employment – as it could be observed in the first BTBC phase – alternative methodologies will be proposed to measure employment generation thanks to project interventions in the productive units.

### ***Setting of criteria for the attribution of results in productive sector support activities***

A fundamental element in the monitoring and evaluation work is setting the causal relationship between activities carried out, resulting from a diagnosis and planning, and results measured through the indicators. In many cases, this causal relationship is not easy to set and work will be done in developing qualitative and quantitative criteria that allow setting uniform criteria for all interventions that are carried out. The objective is for the causal relationship not to be subjective but rather to be a regulation with technical criteria.

### ***Setting criteria to define impact of competitive environment strengthening events and activities***

As a result we will work in setting base criteria to measure impact of competitive environment strengthening events and activities. Although it is hard to establish uniform and definite criteria for a diverse set of activities forecasted in this area, we will try to establish basic guidelines that will later adapt in terms of programming activities in this area.

### ***Monitoring and evaluation manual***

Once the indicators and criteria are set for attribution of results, procedures will be established to follow for information reporting, sources and processing them. All of these elements will be contemplated in the Monitoring and Evaluation Manual and they will include forms for reporting information of primary sources (serviced companies).

In these manual criteria will be established to program verification visits to companies in terms of reported results and forecasted activities. The goal will be to cover the greatest number of assisted companies during the first administration year. In some cases more than one visit will be made to the same company in terms of the type of intervention and forecasted results.

### ***Procedures manual to provide technical assistance to companies***

In coordination with supporting Management to the productive sector and the business development centers, we will work on the Technical Assistance Manual to productive units.

Concepts like prequalification of companies will be established in this manual as well as procedures to be followed in the previous stage to technical assistance, procedures in the preparation phase – where the diagnosis will be a fundamental element-. The “Technical Assistance Plan” will be created in this phase in addition to the “Baseline” form as central elements to analyze the participation of the BTBC project in productive units.

In the same matter, criteria will be established for technical assistance project approval as well as approval channels that in most cases should be expedited in order to make project viable. However, for bigger projects, an approval Committee will be established with the participation of project members.

### ***Institutional strengthening activities to ensure obtaining result and context indicators***

For the sustainability and consistent of some result (from secondary source) and context indicators, we will propose the strengthening of some institutions for required information processing and timely dispatch to the BTBC project for processing.

This activity will be done in coordination with the Investment and Trade Management Office, responsible for institutional strengthening activities.

### ***Performance Monitoring Plan (PMP)***

All the elements described in previous paragraphs will be incorporated in the *Monitoring and Evaluation Plan* (Performance Monitoring Plan-PMP). This document will be based on a draft document presented in the Chemonics proposal and will be updated in terms of established agreements in the contract. The instruments that will be created in the initial months will be of great use to complete the PMP and it will be sent to USAID in a period of 60 days.

### ***Evaluation Monitoring and Evaluation methodology***

An evaluation of the used methodology will be done during January 2006 for Monitoring and Evaluation activities. Although the instruments and the methodology will be designed during the beginning months of the project and the initiating use during the first 6 months should allow improving these instruments. In some cases, there will be the need to capture new variables or, in other cases, some date will not have the pertinence or the necessary opportunity for monitoring and evaluation. However, this is only one possibility that should be analyzed with a critical spirit at the end of the first semester of the project.

### **B. Monitoring and Evaluation Activities**

Once the instruments are created and the methodologies are defined, the monitoring and evaluation activities will be started in each one of the productive sectors as well as in strengthening competitive environment programs and activities.

#### ***Visits to productive units, sectoral units and business development centers***

During the first week of every month, a monthly schedule of visits will be established to productive units that receive technical assistance from the project as well as sectoral units and business developing sectors. This programming will be done in terms of established criteria in the Monitoring and Evaluation Manual, considering greater possible coverage elements of productive units receiving assistance as well as the validation of the causal relationship between reported results and carried out activities. At the same time, a documental audit will be done on the sectoral units and business development centers to evaluate the fulfillment of procedures and the revision of presented reports.

#### ***Visits to competitive strengthening events***

The monitoring and evaluation events schedule in the arena of strengthening the competitive environment will be adjusted quarterly in terms of Investment and Trade Management programming. Given the characteristics of this type of activities, monitoring and evaluation forms will be adjusted in terms of every event, considering the scope of objectives sought after. Monitoring activities in this area will be carried out in parallel form to monitoring activities from the productive sector and if possible we will try to find matching dates and places for greater resource efficiency.

#### ***Periodical monitoring and evaluation reports***

The monitoring and evaluation activity will be useful as it yields timely and true information on project activity progress. In this sense, monthly internal reports will be done on results observed in each intervention area. These reports will have a quick and practical format and they will try to give some suggestions to contribute improvements or strengthen on-going activities when necessary.

However, the most important report will be quarterly report where in-depth detail shall be provided on achieved results in each one of the project intervention areas. These quarterly reports will be the basis for the quarterly report in the area of results the project shall send to USAID/Bolivia.

### ***Monitoring and evaluation computer system***

The monitoring and evaluation activity, especially in the productive sector, implies the generation of a lot of quantified and qualitative information, thus it is necessary to have a computer system that processes all the information generated through forms and secondary sources. This system will allow carrying out a monitoring and evaluation task from project headquarters as well as from sectoral units (textile and wood) and business development centers. The system is characterized by its versatility and simplicity for the handling of information so that necessary reports could be generated for follow-up and support for project decision making.

### ***Development of a web-based project portal***

During July and August 2005 an electronic portal will be developed with the purpose of disseminating project scopes and results that are gradually realized. The electronic portal will serve as a means for potentially beneficiary companies could get in touch with the project and present their request for technical assistance.

### ***Quarterly Bulletin***

Undoubtedly one important element for the dissemination of obtained results in the lifespan of the project will be the creation of a quarterly bulletin for its dissemination in USAID, governmental authorities, business community and the general public. This bulletin will incorporate on-going activities and results in the productive sector supporting area as well as in the area of strengthening the competitive environment. It will be disseminated through printed media and through the internet.

## **ATTACHMENTS**

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**ATTACHMENT 1. General Timeline of Annual Work Plan Execution June 2005-May2006**

**ATTACHMENT 2. Annual Work Plan Budget June 2005-May 2006**